WEEKLY ECONOMIC REVIEW

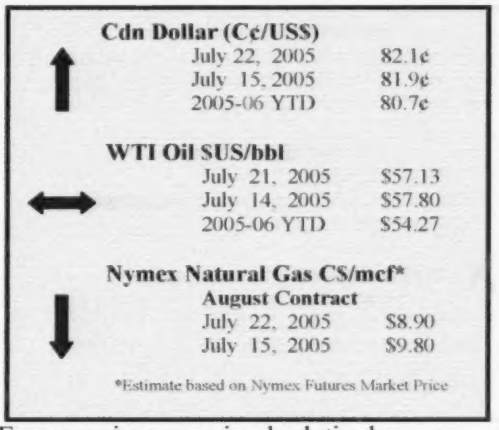
JULY 22, 2005

The first shipment of Alberta cattle crossed the U.S. border on Wednesday, following last weeks court ruling to open the border to Canadian live cattle under 30 months of age. Last week, Alberta cattle prices were up approximately 20% from one year ago.

Effective today, the Chinese government revalued the Chinese Yuan 2% vis-à-vis the U.S. dollar and will allow the Yuan to float in a tight daily range (0.3%) against a group of unspecified currencies. This is the Yuan's first step towards becoming a floating currency and the first change in its value in a decade. Currently, the Yuan is estimated to be as much as 40% undervalued vis-à-vis the U.S. dollar.

The Chinese economy continues to power ahead with second quarter GDP growth of 9.5%, following a revised first quarter growth of 9.4%.

Despite Canadian inflation (up 1.7% in June) remaining well within the Bank of Canada's 1-3% target range, markets continue to expect an increase of 25 basis points at the Bank's next meeting on September 7th.



Energy prices remained relatively unchanged from last week. Marginal impacts of Hurricane Emily on Gulf of Mexico oil production along with smaller than expected declines in U.S. crude inventories contributed to the $0.67 difference from last weeks price. Both the London bombings and the revaluation of the Chinese currency had minimal effects on energy prices this week.

Alberta's consumer sector continues to surge with retail sales up 11.8% to date in 2005, the highest growth among the provinces. Since the beginning of 2004, Alberta's retail sales have increased an amazing 22% over the period.

Economic Indicators Released This Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Consumer Price Index	**June**			
Alberta	133.9	0.4%	0.7%	2.0%
Canada	127.2	0.2%	1.7%	1.5%
Retail Trade ($ millions)	**May**			
Alberta	4,076	1.0%	13.8%	11.8%
Canada	30,427	-1.3%	6.2%	6.9%
Wholesale Trade ($ millions)	**May**			
Alberta	4,595	0.8%	17.2%	18.0%
Canada	39,604	0.2%	4.9%	6.9%

Source: Statistics Canada

[1]*Year-to-date 2005 compared to the same time period in 2004. For example: January-May 2005 versus January-May 2004.*